

Company Registration Number: 08075363 (England & Wales)

HILBRE HIGH SCHOOL HUMANITIES COLLEGE

(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2019

HILBRE HIGH SCHOOL HUMANITIES COLLEGE
(A company limited by guarantee)

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**REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2019**

Members

G Kemp
M Bellamy
C Robinson

Trustees

M Cockburn, Chair of Trustees from 31 August 2019
G Kemp, Chair of Trustees to 31 August 2019
M Bellamy, Head Teacher and Accounting Officer
S Reynolds (resigned 31 December 2018)
J Money
S Jenkinson
C Robinson
J Jubb
G Williams
J Forsey
J Jackson (resigned 8 February 2019)
I Sadler
E Gunatileke, Staff Governor (appointed 1 October 2018)
S Fleming, Staff Governor
J Jones (appointed 1 January 2019)

Company registered number

08075363

Company name

Hilbre High School Humanities College

Principal and registered office

Hilbre High School Humanities College, Frankby Road, West Kirby, Wirral, CH48 6EQ

Company secretary

J Doyle

Senior management team

M Bellamy, Head Teacher (Accounting Officer)
P Lloyd, Deputy Head Teacher
J Whisker, Deputy Head Teacher
E Harrison, Assistant Head Teacher
V Devonport, Assistant Head Teacher
A Evans, Assistant Head Teacher
D White, Assistant Head Teacher
K Armitage, Associate Assistant Head Teacher
S Rooney, Associate Assistant Head Teacher

Independent auditor

Crowe U.K. LLP, 3rd floor, The Lexicon, Mount Street, Manchester, M2 5NT

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REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2019

Advisers (continued)

Bankers

Lloyds Bank, 355 Woodchurch Road, Prenton, CH42 8PE

Solicitors

Browne Jacobson, 44 Castle Gate, Nottingham, NG1 7BJ

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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2019

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year 01 September 2018 to 31 August 2019. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The trust operates an academy for pupils aged between 11-18 years, serving a catchment area in West Wirral. It has an overall capacity of 1,160 pupils including 960 for pre-16 and 200 post-16. In 2018/19 the academy had 935 pre-16 pupils on roll (97.4% capacity) and 188 post 16 (94% capacity) at the time of the spring census (February 2018).

Structure, Governance and Management

a. Constitution

The trust is a charitable company limited by guarantee and an exempt charity.

The charitable company's memorandum and Articles of Association are the primary governing documents of the academy trust.

The trustees of Hilbre High School Humanities College are also the directors of the charitable company for the purpose of company law.

The charitable company operates as Hilbre High School Humanities College.

Details of the trustees who served during the year are included in the Reference and Administrative Details on page 1.

b. Members' Liability

Each member of the charitable company undertakes to contribute to the assets of the charitable company in the event of it being wound up while they are a member, or within one year after they cease to be a member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before they ceased to be a member.

c. Trustees' Indemnities

In accordance with normal commercial practice, the trust has purchased insurance to protect trustees, governors and officers from claims arising from negligent acts, errors or omissions occurring while on trust business.

d. Method of Recruitment and Appointment or Election of Trustees

Trustee appointments are based on the required skills and knowledge to provide strategic leadership and good governance to the trust.

The trust shall have the following governors as set out in its Articles of Association and Funding Agreement:

The numbers of Governors shall be not less than 3 but (unless otherwise determined by ordinary resolution) shall not be subject to any maximum.

Up to 1 Governor, appointed under Article 50.

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TRUSTEES' REPORT (continued)
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Up to 7 Parent Governors appointed under Articles 53-58.

Up to 2 Staff Governors appointed under Article 58A (not including the Head Teacher).

Up to 5 Community Governors appointed under Article 58B.

Up to 2 partnership Governors appointed under Article 58C.

Any Additional Governors, if appointed under Article 62, 62A, 62C or 68A.

The Head Teacher.

Any Further Governors, if appointed under Article 63 or Article 68A.

e. Policies and Procedures Adopted for the Induction and Training of Trustees

- The induction, training and support programme for trustees will differ according to the nature of the post and the varying needs and experience of the individual concerned. There are, however, some general principals outlined below which should be common to all.
- The Governors undertake an induction programme in accordance with the Induction Policy for Governors.
- It is expected that the incumbent trustees will provide a good deal of practical help, advice, guidance and encouragement in all aspects of Governance and in enabling new trustees to integrate into a new situation.
- Prior to taking up the appointment, the new member will be invited to visit the Academy to meet key people as appropriate.
- The trust's Equality & Diversity and related policies will be appropriate to all.

f. Organisational Structure

The management structure consists of two levels, the governors who are trustees and the senior management of the school. The Head Teacher is the Accounting Officer. The aim of the structure is to devolve responsibility to those best able to make appropriate decisions.

The full Governing Body met three times in the 2018/19 academic year (and will be meeting 4 times per year from 2019/20 academic year). They establish an overall framework for the governance of the school and determine membership terms of reference and procedures of Committees. They receive reports including policies from the Committees for ratification and monitors activities of the Committees through the minutes of their meetings. The Governing Body may from time to time establish working groups to perform specific tasks over a limited timescale.

There were 4 committees meeting termly in 2018/19 all of whom were responsible for school policy, practice and performance relating to the areas of responsibility, and monitoring aspects of their work by discussions / review / challenge.

- HR & Pay Committee
- Finance & Audit Committee.
- Curriculum & Achievement Committee
- Pastoral & Well-Being Committee

There were other committees meeting as required:

Pupil Admissions, Pay Appeals, Head Teacher Performance Review, Parental Complaints, Staff Grievance, Staff

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Capability & Staff Dismissal Committees.

During this academic year the Governors reviewed the structure of the Governing Body. It is recognised as good practice to undertake a review and ensure that the Body remains fit for purpose. Committees were structured with Governors considered most appropriate for each of the above Committees in accordance with Skills Analysis and experience.

During this academic year there were 7 Co-Opted Governors, 2 Community Governors, 3 Parent Governors, 2 Staff Governors, 1 Ex-Officio Governor (Head Teacher) giving a total of 15 Governors.

g. Arrangements for Setting Pay and Remuneration of Key Personnel

The trust has arrangements for setting pay and remuneration for the Head Teacher and key management personal. Staffing levels are set in line with National Teacher Pay & Conditions guidelines and NJC for non-teaching staff.

The Governing Body review and set the pay award for the Head Teacher and all key management personnel using the approved Whole School Pay Policy.

There is a robust procedure in place for Staff Performance Management review approved annually by the Governing Body.

h. Trade union facility time

Relevant union officials

Number of employees who were relevant union officials during the year	1
Full-time equivalent employee number	1

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	-
1%-50%	1
51%-99%	-
100%	-

Percentage of pay bill spent on facility time £

Total cost of facility time	1,153
Total pay bill	50,169
Percentage of total pay bill spent on facility time	2.3 %

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	2.0 %
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The trust also bought into a SLA with the Local Authority for Trade Union Facilities time and paid £2,525 during

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019

the period 1 September 2018 to 31 August 2019.

i. Related Parties and other Connected Charities and Organisations

The Governing Body works closely with Wirral Borough Council, other professional agencies, the ESFA, the DfE and other neighbouring secondary schools and primary feeder schools. Hilbre does have 1 specific Related Party agreement for the use of the CLC building, with a signed lease agreement being in place for the Local Authority Maintained Home & Continuing Education Service to operate from 1/3rd of the site and to pay the related 1/3rd PFI rental fees accordingly.

Aim

We recognise the varied and individual needs of our students and aim to provide a broad, balanced education, both in and out of the classroom, ensuring students are equipped with the skills, knowledge and understanding necessary to contribute to today's ever changing society.

a. Objectives

- To ensure that every student, whatever their starting point, makes rapid and sustained progress and achieves good outcomes.
- To challenge our students to do their very best: progress through endeavour
- To provide a caring, healthy and supportive environment in which students can feel secure and happy and in which they can easily relate to people.
- To improve the effectiveness of the academy by keeping the curriculum and organisational structure under continual review.
- To provide an innovative and challenging curriculum that recognises the varied and individual needs of all students.
- To promote excellent teaching and learning across all curriculum areas, driven by our commitment to continuous improvement and our desire to develop independent learners.
- To continue to provide wide-ranging enrichment activities to enable students to fully participate fully in the life of the school.
- To comply with all statutory and curriculum requirements.
- To conduct business with the highest standards of integrity, probity and openness.
- To provide supportive and challenging corporate governance to our school.
- To provide value for money for the funds expended ensuring full compliance with the Funding Agreement and Academies Financial Handbook.

b. Activities and Targets

Key activities and targets are identified in the School Improvement Plan.

These include:

- Embedding a culture of student responsibility, accountability and attitude to core school standards, to ensure outstanding and ambitious progress for all our students.
- Developing highly literate and numerate students to ensure they become successful learners.
- Ensuring progress for all students compares favourably with National and Local Averages.
- Narrowing the gap for specific student cohorts: Pupil Premium, High Ability, Special Educational Needs, Looked after Children and ensure under-achievement in the areas identified is quality assured and improved.
- Ensuring staff accountability is improved, clarified and upheld and Performance Management for all staff

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is reviewed.

- Ensuring the quality of teaching is outstanding.
- Ensuring attendance is improved, removing stubborn barriers to learning and ensuring effective intervention is implemented.
- Using school data effectively to identify areas of under achievement and plan future developments accordingly in relation to school, staff and student outcomes.

The School Development Plan (SDP) is supported by detailed activity targets and success criteria in School, Staff and Subject Areas. Progress on the SDP, activities and success criteria are reported back to the Governors on a termly basis along with required intervention and are under constant review.

c. Equal Opportunities Policy

The trust aims to establish equal opportunity in all areas including creating a working environment in which the contribution and needs of all people will be fully valued.

d. Public benefit

The trust has complied with its duty and given due regard to the guidance issued by the Charities Commission on the matter of public benefit and will:

- Make decisions to ensure the charity's purpose provides benefit.
- Make decisions to manage risk of detriment or harm to the charity's beneficiaries or to the public in general that might result from carrying out that purpose.
- Make decisions about who benefits in ways that are consistent with the purpose.

The trust believes the greatest benefit that the trust can offer, is the provision of an education that maximises each students potential, develops principled, informed, open minded and confident citizens, who respect the beliefs of others and who are determined to make a positive contribution to society.

Achievements and performance

Strategic report

a. Achievements and Performance including Key Performance Indicators

In June 2016, the school received an Ofsted Overall Effectiveness rating of "Good" with the 5 areas of rating as follows:

Effectiveness of Leadership and Management - Good
Quality of Teaching, Learning and Assessment - Good
Personal Development, Behaviour and Welfare - Good
Outcomes for pupils - Good
16-19 Study programme - Good

2018/19 Exam Results

The summer 2019 GCSE exam results were positive, improving on the previous years and were in line with the school's predictions. The school does have cause to celebrate these results, however we are already addressing the subject areas in need of improvement. The tables below show the position of the school following re-marks and we are proud of our student's achievements. There is still clearly much more work required to bring about

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further improvements but the school is currently on a solid footing.

The improvements in the scores for English and Maths has resulted in bringing the school in line with the National Average.

Progress Measure	Serious Concern < -0.5	Requires Improvement -0.5 to -0.15	National Average -0.15 to +0.15	Good Progress +0.15 to +0.5	Outstanding Progress > +0.5
Progress 8		-0.41 (2018)	0.00 (2019)		
English Progress		-0.47 (2018)	0.00 (2019)		
Maths Progress		-0.20 (2018)	-0.01 (2019)		
EBacc Progress		-0.40 (2018)		+0.20 (2019)	
Open Progress	-0.56 (2018)	-0.20 (2019)			

The work of the school moving forward will focus on six key development priorities:

- Curriculum Intent, Implementation and Impact
- Personal Development
- Behaviour & Attitudes
- Leadership & Management

The summer 2019 KS5 results including A levels and BTECs were in-line with our expectation, showing increased attainment. They are slightly below national outcomes, however they were a significant improvement on the previous year and the school is actively focusing on improving KS5 attainment in 2019/20.

Our aim moving forward is to ensure continued improvement on the performance of the underperforming subjects, further improve the performance of our most able and disadvantaged students and look at ways to further support students recorded as K on the SEND register.

b. Key Performance Indicators

The main financial performance indicator is the level of reserves held in the Balance sheet (excluding the pension deficit), total reserves held as at 31 August 2019 were £332k (2018: £322K).

As funding is based on pupil numbers, this is also a key performance indicator. Pupil numbers used to calculate General Annual Grant (GAG) funding for the 2018/19 budget were 946 (including 31 High Needs places) for KS3 & KS4, and 967 for the 2019/20 budget (including 30 High Needs places). The figures for 2020/21 will decrease to 950 based on the autumn 2019 census.

Funding for High Needs places increased in 2017 to accommodate 30 students (100% increase from 15 students in 2016/17). Income received in 2018/19 for High Needs places was £244,000 for 11-16 and £48,000 for 16-19.

Post-16 funding in 2017/18 was £691,188 (159 students) rising to £831,106 (189 students) in 2018/19. It has declined in 2019/20 to £627,768 (156 students).

The Finance & Audit Committee review key financial data including performance indicators and outcomes at

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each of their termly meetings and hold the Accounting Officer to account.

A detailed commentary on performance for a specific period is presented, with comprehensive management accounts that include the following:

- Income and expenditure to date against budget heading comparisons.
- Projected surplus / deficit for the year analysed by income and expenditure headings.
- Bank and Investments balances, both month end and current.

Staff costs represent the majority of the school's expenditure and as such are closely scrutinised and reconciled with an agreed % of no more than 80% of the budget (figures show at 75.6% for 2018/19). Actual monthly costs are monitored against budget settings with trends being extrapolated to provide year end outcomes.

The final salary costs for 2018/19 were approx. £35,000 more than the original budget predominantly due to high agency supply costs covering a long term sickness absence.

As a PFI school, all utility costs are covered under the monthly re-charges and as such, charges made by the Local Authority, are interrogated and checked to ensure efficient use of resources. These costs increase by the RPI each financial year.

c. Going Concern

The board of trustees has a reasonable expectation that the trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing Financial Statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

The trust is reviewing its financial plans in light of lower than normal year 12 pupil numbers in 2018/19. Action will be taken to ensure a balanced budget is achieved over future years.

The in-year operating budget resulted in a surplus balance at year end 2019 of £46k (before actuarial gains/losses) a change from £70k predicted budget surplus at the start of the year. This however is a substantial change from an in-year deficit of £353k in 2017/18.

This positive movement was achieved through a continued rise in pre-16 pupil numbers over the year groups, following the decision to increase the PAN number to 200 from 180 in September 2017; the number of High Needs pre-16 students which increased to 30 from 15; increased unit funding for students with EHCPs; and additional funding from the LA in relation to a special project for High Needs students.

The school constantly reviews expenditure on non-staffing costs and was able to reduce expenditure on some other budget headings during 2018/19 which included exam invigilators, some premises costs, some SLA costs for professional fees and Alternative Provision costs.

A comprehensive review of the whole school staffing had taken place during 2017/18 which included SLT and non-teaching staff which resulted in the continued fixed term appointment of 2 new Associate Assistant Head Teachers in September 2018. The trust continued to review non-teaching staff through 2018/19 resulting in some roles not being replaced when staff resigned or retired or requested part time working hours.

The salaries as a percentage of income reduced from 79.3% in 2017/18 to 73% in 2018/19.

Financial Review

The majority of the school's income is obtained from the ESFA in the form of recurrent grants, the use of which

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is restricted to particular purposes as detailed in the funding agreement. The grants received from the ESFA during the period 1 September 2018 to 31 August 2019 and the associated expenditure is shown as restricted funds in the Statement of Financial Activities incorporating an Income and Expenditure Account.

The School also receives grants for fixed assets from the ESFA and such grants if received are shown in the Statement of Financial Activities incorporating Income and Expenditure Account as restricted income in the fixed asset fund.

Due to an increase in pupil numbers in 2017/18, the Academy achieved a balanced in-year budget for the 2018/19 academic year.

As at 31 August 2019, the trust has a deficit of £5,159k (compared to £3,271k as at 31 August 2018) in relation to the non-teaching staff pension scheme. Annual deficit contributions are being made over a period of 25 years from the date of conversion.

Key financial policies adopted or reviewed during the period include the Academies Financial Handbook 2019 and the School's Financial Procedures Manual 2018 which both lay out the framework for financial management including financial responsibilities of the trustees, Head Teacher, School Business Manager, Senior Finance Officer, Senior Leadership members, budget holders and other staff, as well as delegated authority for spending.

The Governors have agreed a strategic approach to robust financial management and budgetary control whilst continuing to invest accordingly in human and physical resources to sustain the school's development priorities. The Governing Body continually discusses and reviews the policy on reserves and investments, in order to protect the organisation from commercial, political and financial risk.

a. Reserves policy

The trust currently has a reserve of £300,286 of unrestricted funds and the trustees review reserve levels annually at the year-end and as a part of its medium term budget planning. This review encompasses the nature of the income and expenditure streams, the need to match income with commitments and the nature of reserves. Particular regard is given to the likely levels of future income to be received from the Education and Skills Funding Agency and the likelihood that these may reduce over the forthcoming years, along with the increase in employers NI and pension contributions.

The trustees will endeavour to keep an appropriate level of funds in reserve that it considers necessary for unexpected in-year emergencies over and above budget setting and future operations and strategic budget decisions and any challenging predicted budget shortfalls.

As at 31 August 2019 the School held the following reserves:

• Restricted Reserves (excluding pension liabilities)	£Nil
• Unrestricted Reserves	£300,286
• Restricted Fixed Asset Reserves	£32,028

b. Investment Policy

The trust's investment policy is consistent with its charitable status. Investments must always be made in accordance with written procedures as agreed in the Capital / Reserves Investment Policy adopted by the Governing Body and reviewed annually, Governors must always ensure the maximum integrity of such investments. The priority for the trust has been to have cash invested in liquid investment products that bear no risk with its bankers Lloyds.

The trust made the decision to remove deposits of £150,000 within a high Interest Account in April 2019 and will

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consider options to re-invest at such time as when reserves increase to a level to secure more cash flow security and reduced risk.

Approval of the Finance & Audit Committee is required before any investment is made.

c. Principal risks and uncertainties

Risks to the trust are continually reviewed by the Governing Body and the last risk management review took place in September 2018. This involved identifying the types of risks the trust faces and the systems in place or that needed to be implemented to mitigate against the risks the trust faces.

The particular risks for Hilbre High School Humanities College, that the Governors must take into account are:

- A fall in sixth form pupil numbers in 2018/19 which has had a lagged and considerable effect on 16-19 budget for 2019/20.
- Continued increase in 11-16 pupils and the nature and size of current facilities needed to ensure wellbeing and health and safety of staff and students.
- Being able to generate a sustainable in-year surplus for 2019/20 and onwards or to have plans in place to ensure that reductions in expenditure can be managed so as to secure a balanced budget each year moving forward.

The trustees are satisfied that systems are in place to mitigate the risks identified.

The following risk areas were reviewed:

- Governance
- Operational
- Financial
- Environmental or External factors
- Compliance (Law & Regulation)

Specific consideration is given to Health and Safety, Insurance, Attainment, Attendance, Behaviour, Safeguarding, Reputation, Staffing / HR & ICT.

The Governors are assisted in the management of risk by the senior leadership team, HR Advisors SAS Daniels, The LA Risk & Insurance & Health & Safety Services and Statutory External Audit provided by Crowe U.K. LLP and Internal Audit carried out by the Local Authority.

Fundraising

The trustees have taken guidance from the Charities Commission Publication "Charity Fundraising"; a guide to trustee duties (CC20) when setting up procedures in relation to fundraising activities and has adopted the 6 principles given in the Commissions guide.

The 6 principles are:

Planning effectively, set-out, agree and monitor your approach to fundraising.

Supervise your fundraisers- establish a system to oversee your fundraising methods and fundraising carried out on behalf of the charity.

- Protect your charity- make sure there is strong management of your assets and resources.
- Comply with the fundraising laws and regulations- in particular in areas such as data protection and

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- licensing laws.
- Follow recognised fundraising standards- the code of Fundraising Practice outlines the legal rules that apply to fundraising.
- Be open and accountable - make sure your charity is well run and you comply with the statutory accounting and reporting requirements.

Approach to Fundraising

The Trustees ensure that their approach to fundraising is carried out in a considerate and responsible way and in line with approved practices and recognised standards, protecting the charity's reputation and encouraging public trust.

Trustees legal duties:

- Act in the charity's best interest
- Manage the charity's resources responsibly
- Act with reasonable care and skill

Plans for future periods

a. Future developments

Budget figures for 2019/20 show a fall in Post 16 GAG income stream due to falling numbers entering the sixth form in September 2018. The main task for the trustees will be to consider and agree a strategy to ensure pupil number growth in future years.

The number of parents with children with SEN wanting to enrol their children at Hilbre continues to increase and demand for places is high. These additional numbers will generate additional top up funding from the Local Authority to support associated staffing costs and resources.

The increase to the PAN for year 7 student entry to 200 in September 2017 will result in a continued increase in overall KS3 & 4 numbers over the next 3 years with an entry of between 195 to 200 expected into each year group.

Part of the overall strategic financial review of the Governing Body and senior leaders, in addition to student enrolment, will also include teacher and non-teaching staffing structures within the school. The trust will endeavour to maintain staffing levels in line with the needs and priorities of the trust and will continue to monitor and review the financial viability of maintaining current staffing levels.

The trust will make efforts to apply and secure any available external grant funding to assist with the provision of additional accommodation and extra-curricular facility so as to further enhance the reputation of the school and support teaching and learning.

Funds Held as Custodian Trustee on behalf of others.

No funds are held by the trust as on behalf of others other than the 16-19 Bursary Fund which is disclosed in the notes to the financial statements.

Disclosure of information to auditor

Insofar as the trustees are aware:

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- there is no relevant audit information of which the charitable company's auditors are unaware, and
- that trustees have taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

Auditor

The auditor, Crowe U.K. LLP, has indicated its willingness to continue in office. The Designated Trustees will propose a motion re-appointing the auditor at a meeting of the Trustees.

The Trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 03 DEC 2019 and signed on its behalf by:



M Cockburn
Chair of Trustees

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GOVERNANCE STATEMENT

Scope of Responsibility

As trustees, we acknowledge we have overall responsibility for ensuring that Hilbre High School Humanities College has an effective and appropriate system of control, financial and otherwise. However such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The board of trustees has delegated the day-to-day responsibility to the Head Teacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Hilbre High School Humanities College and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' report and in the Statement of Trustees' responsibilities. The board of trustees has formally met 4 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
M Cockburn (Chair of Trustees to 31/8/2019)	4	4
G Kemp (Head Teacher and Accounting Officer)	4	4
S Reynolds (resigned 31/12/2019), Head Teacher and Accounting Officer	1	2
S Reynolds	4	4
J Money	0	4
S Jenkinson	1	4
C Robinson	0	4
J Jubb	4	4
G Williams	4	4
J Forsey	3	4
J Jackson (resigned 8/2/2019)	1	2
I Sadler	4	4
E Gunatileke (Staff Governor from 1/9/2018)	3	4
S Fleming (Staff Governor)	4	4
J Jones (from 1/1/2019)	2	2

During 2018/19, 2 Governors resigned and 2 new governors joined the trust. New appointments are made in line with the skills matrix used by the school for recruiting new Governors ensuring the trust has a broad and varied range of experienced Governors.

The Finance & Audit committee is a sub-committee of the Governing Body. Its main purpose is to minimise risk, by identifying key areas of risk and mitigating those, in conjunction to safeguarding the trust's assets.

Key responsibilities:

- Consider and recommend to the Governing Body the annual budget for the school.
- Monitor the performance against the annual budget by consideration of regular income and expenditure statements and cash flow statements.
- Ensure that financial procedures and arrangements as required by law, DfE and the auditors are in place and being properly implemented.
- Recommend to the Governing Body annually the appointment of independent examiners for the private funds.
- Liaise with the auditors as required and consider the draft annual accounts in conjunction with them and recommend the accounts to the Governing Body.
- Authorise the Chair of the Committee to sign, on behalf of the Governing Body, any financial statements,

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GOVERNANCE STATEMENT (continued)

other than the annual accounts, which might be required by the DfE or any other regulatory body.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
S Jenkinson (Chair)	3	3
M Cockburn (Deputy Chair)	3	3
G Kemp	3	3
J Jubb	3	3
M Bellamy (Head Teacher and Accounting Officer)	3	3

Review of Value for Money

As Accounting Officer, the Head Teacher has responsibility for ensuring that the trust delivers good value in the use of public resources. The Accounting Officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The Accounting Officer considers how the trust's use of resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the trust has delivered improved value for money during the year by:

- Better purchasing- ensuring value for money
- Maximising income generation
- Managing cash

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Hilbre High School Humanities College for the year 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of trustees has reviewed the key risks to which the trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the trust's significant risks, that has been in place for the year 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

The Risk and Control Framework

The trust's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes:

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- regular reviews by the Finance Committee of reports which indicate financial performance against the

HILBRE HIGH SCHOOL HUMANITIES COLLEGE
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

- forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
 - clearly defined purchasing (asset purchase or capital investment) guidelines.
 - delegation of authority and segregation of duties;
 - identification and management of risks.

The board of trustees has considered the need for a specific internal audit function and has decided to appoint Wirral Borough Council as internal auditor.

The outsourced provider's role includes giving advice on financial matters and performing a range of checks on the trust's financial systems. In particular the checks carried out in the current period included:

- Payroll systems
- Purchase systems
- Reconciliation of Income and expenditure systems
- Control / Banking Account systems.

On an annual basis, the auditor reports to the board of trustees through the audit committee on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

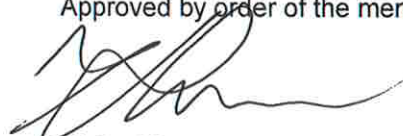
Review of Effectiveness

As Accounting Officer, the Head Teacher has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

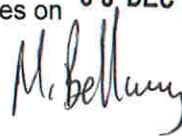
- the work of the outsourced provider;
- the work of the external auditor;
- the financial management and governance self-assessment process;
- the work of the executive managers within the trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the review of the system of internal control by the Audit Committee and a plan to ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on **03 DEC 2019** and signed on their behalf, by:



M Cockburn
Chair of Trustees



M Bellamy
Accounting Officer

HILBRE HIGH SCHOOL HUMANITIES COLLEGE
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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Hilbre High School Humanities College I have considered my responsibility to notify the trust board of trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the trust, under the funding agreement in place between the trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

I confirm that I and the trust board of trustees are able to identify any material irregular or improper use of funds by the trust, or material non-compliance with the terms and conditions of funding under the trust's funding agreement and the Academies Financial Handbook 2018.

I confirm that the following instances of material irregularity, impropriety or funding non-compliance discovered to date have been notified to the board of trustees and ESFA. If any instances are identified after the date of this statement, these will be notified to the board of trustees and ESFA:

Financial issues

No financial issues noted.

Non-financial issues

The trust signed a three-year lease for an alarm system during the 2017/18 financial year which was believed to be an operating lease and so no prior consent was obtained from the ESFA to enter into the agreement.

Following communication with the ESFA and discussion with the trustees and the external auditors the decision was taken to leave the lease in place until the end of the payment term and to continue to show this as an irregularity in the financial statements. To pay off the lease would not have been deemed as best value nor a good use of public funds.



M Bellamy
Accounting Officer

03 DEC 2019

03 DEC 2019

HILBRE HIGH SCHOOL HUMANITIES COLLEGE
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STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2019

The trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the trustees' report and the financial statements in accordance with the Annual Accounts Direction issued by the Education & Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from ESFA/DfE have been applied for the purposes intended.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by order of the members of the board of trustees on **03 DEC 2019** and signed on its behalf by:



M Cockburn
Chair of Trustees

HILBRE HIGH SCHOOL HUMANITIES COLLEGE
(A company limited by guarantee)

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF HILBRE
HIGH SCHOOL HUMANITIES COLLEGE**

Opinion

We have audited the financial statements of Hilbre High School Humanities College (the 'academy') for the year ended 31 August 2019 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the academy's affairs as at 31 August 2019 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the academy in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the academy's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Annual report (which includes the Reference and Administrative Details, the Report of the Directors and Strategic Report and the Governance Statement), other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

HILBRE HIGH SCHOOL HUMANITIES COLLEGE
(A company limited by guarantee)

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF HILBRE
HIGH SCHOOL HUMANITIES COLLEGE**

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Report including the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Report and the Strategic Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the academy and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report including the Strategic Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' responsibilities, the Trustees (who are also the directors of the academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the academy's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the academy or to cease operations, or have no realistic alternative but to do so.

HILBRE HIGH SCHOOL HUMANITIES COLLEGE
(A company limited by guarantee)

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF HILBRE
HIGH SCHOOL HUMANITIES COLLEGE**

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's report.

Use of our report

This report is made solely to the academy's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the academy's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the academy and its members, as a body, for our audit work, for this report, or for the opinions we have formed.



Vicky Szulist (Senior statutory auditor)

for and on behalf of

Crowe U.K. LLP

Statutory Auditor

3rd floor
The Lexicon
Mount Street
Manchester
M2 5NT

Date:

3rd December 2019

HILBRE HIGH SCHOOL HUMANITIES COLLEGE
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO HILBRE
HIGH SCHOOL HUMANITIES COLLEGE AND THE EDUCATION & SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 29 June 2019 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Hilbre High School Humanities College during the year 1 September 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Hilbre High School Humanities College and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Hilbre High School Humanities College and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Hilbre High School Humanities College and the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Hilbre High School Humanities College's accounting officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of Hilbre High School Humanities College's funding agreement with the Secretary of State for Education dated 20 February 2012, and the Academies Financial Handbook extant from 1 September 2018, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2018 to 2019. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2018 to 31 August 2019 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2018 to 2019 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity.

A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the academy's income and expenditure.

Conclusion

In the course of our work, except for the matters listed below, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2018 to 31 August 2019 have not been applied to purposes intended by Parliament and the financial transactions do not

HILBRE HIGH SCHOOL HUMANITIES COLLEGE
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**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO HILBRE
HIGH SCHOOL HUMANITIES COLLEGE AND THE EDUCATION & SKILLS FUNDING AGENCY**
(continued)

conform to the authorities which govern them.

Finance Lease

The Academy signed a three-year lease for an alarm system during the 2017/18 financial year which was believed to be an operating lease at the time of entering into the agreement and so no prior consent was obtained from the ESFA to enter into the agreement.

The lease arrangement has since been considered by management and by the governors and it has been concluded that the lease is a finance lease. The accounting treatment of the lease has not been adjusted in the financial statements as the adjustment is not considered to be material.

Academy Trusts are not permitted to enter into finance leases without the prior approval of the ESFA to do so and as such this action has been viewed as an irregularity in the financial statements. The ESFA have been informed of the breach and the intention to continue with the payments until the end of the lease.

Crowe UK LLP

Crowe U.K. LLP

Statutory Auditor

3rd floor
The Lexicon
Mount Street
Manchester
M2 5NT

Date: *3rd December 2019.*

HILBRE HIGH SCHOOL HUMANITIES COLLEGE
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2019**

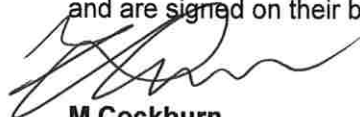
	Note	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £	Total funds 2018 £
Income from:						
Donations and capital grants	2	6,370	-	79,592	85,962	22,439
Charitable activities	3	262,892	7,374,829	-	7,637,721	6,866,751
Other trading activities	4	52,763	11,875	-	64,638	57,175
Investments	5	1,577	-	-	1,577	3,736
Total income		<u>323,602</u>	<u>7,386,704</u>	<u>79,592</u>	<u>7,789,898</u>	<u>6,950,101</u>
Expenditure on:						
Charitable activities		277,519	7,707,704	114,564	8,099,787	7,518,264
Total expenditure	6	<u>277,519</u>	<u>7,707,704</u>	<u>114,564</u>	<u>8,099,787</u>	<u>7,518,264</u>
Net income / (expenditure) before transfers		46,083	(321,000)	(34,972)	(309,889)	(568,163)
Transfers between Funds	17	294	-	(294)	-	-
Net income / (expenditure) before other recognised gains and losses		46,377	(321,000)	(35,266)	(309,889)	(568,163)
Actuarial gains/(losses) on defined benefit pension schemes	22	-	(1,567,000)	-	(1,567,000)	613,000
Net movement in funds		46,377	(1,888,000)	(35,266)	(1,876,889)	44,837
Reconciliation of funds:						
Total funds brought forward		253,909	(3,271,000)	67,294	(2,949,797)	(2,994,634)
Total funds carried forward		<u>300,286</u>	<u>(5,159,000)</u>	<u>32,028</u>	<u>(4,826,686)</u>	<u>(2,949,797)</u>

HILBRE HIGH SCHOOL HUMANITIES COLLEGE
(A company limited by guarantee)
REGISTERED NUMBER: 08075363

BALANCE SHEET
AS AT 31 AUGUST 2019

	Note	£	2019 £	£	2018 £
Fixed assets					
Tangible assets	13		18,363		34,566
Current assets					
Debtors	14	140,915		158,355	
Investments	15	-		150,000	
Cash at bank and in hand		607,554		383,665	
			<u>748,469</u>		<u>692,020</u>
Creditors: amounts falling due within one year	16	(434,518)		(405,383)	
Net current assets			<u>313,951</u>		<u>286,637</u>
Total assets less current liabilities			<u>332,314</u>		<u>321,203</u>
Defined benefit pension scheme liability	22	(5,159,000)		(3,271,000)	
Net liabilities including pension scheme liabilities			<u>(4,826,686)</u>		<u>(2,949,797)</u>
Funds of the academy					
Restricted income funds:					
Restricted income funds excluding pension liability		32,028		67,294	
Pension reserve		(5,159,000)		(3,271,000)	
Total restricted income funds			<u>(5,126,972)</u>		<u>(3,203,706)</u>
Unrestricted income funds	17		300,286		253,909
Total deficit			<u>(4,826,686)</u>		<u>(2,949,797)</u>

The financial statements on pages 24 to 46 were approved by the Trustees, and authorised for issue, on **03 DEC 2019** and are signed on their behalf, by:



M Cockburn
Chair of Trustees

HILBRE HIGH SCHOOL HUMANITIES COLLEGE
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2019

	Note	2019 £	2018 £
Cash flows from operating activities			
Net cash used in operating activities	19	(4,005)	(383,574)
Cash flows from investing activities:			
Dividends, interest and rents from investments		1,577	3,736
Purchase of tangible fixed assets		(3,275)	(8,856)
Capital grants from DfE Group		79,592	22,439
Decrease in short term investment		150,000	150,000
Net cash provided by investing activities		227,894	167,319
Change in cash and cash equivalents in the year			
Cash and cash equivalents brought forward		383,665	(216,255)
Cash and cash equivalents carried forward	20	607,554	383,665

HILBRE HIGH SCHOOL HUMANITIES COLLEGE
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting Policies

A summary of the principal accounting policies adopted (which have been applied consistently, except where noted), judgments and key sources of estimation uncertainty, is set out below.

1.1 Basis of preparation of financial statements

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Hilbre High School Humanities College constitutes a public benefit entity as defined by FRS 102.

1.2 Going concern

The Trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the academy to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

HILBRE HIGH SCHOOL HUMANITIES COLLEGE
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting Policies (continued)

1.3 Income

All income is recognised once the academy has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Grants are included in the Statement of financial activities incorporating income and expenditure account on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the Statement of financial activities incorporating income and expenditure account in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

Sponsorship income provided to the academy which amounts to a donation is recognised in the Statement of financial activities incorporating income and expenditure account in the period in which it is receivable, where receipt is probable and it is measurable.

Donations are recognised on a receivable basis where receipt is probable and the amount can be reliably measured.

Other income, including the hire of facilities, is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

1.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Expenditure on charitable activities are costs incurred on the academy's educational operations, including support costs and those costs relating to the governance of the academy appointed to charitable activities.

All expenditure is inclusive of irrecoverable VAT.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

1. Accounting Policies (continued)

1.5 Tangible fixed assets and depreciation

All assets costing more than £3,000 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of financial activities incorporating income and expenditure account and carried forward in the Balance sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of financial activities incorporating income and expenditure account. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets other than freehold land and assets under construction, at rates calculated to write off the cost of these assets, less their estimated residual value, over their expected useful lives on the following bases:

Furniture and fixtures	-	20% straight line
Motor vehicles	-	25% reducing balance
Computer equipment	-	33% straight line

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of financial activities incorporating income and expenditure account.

1.6 Short term investments

Current asset investments cash deposits which were repaid in August 2019 and are held at amortised cost.

1.7 PFI Agreement

The Academy occupies buildings which are owned by Wirral Borough Council and utilised by the Academy under a PFI agreement. The Academy pays revenue contributions in respect of facilities management. The Academy does not have any rights or obligations of ownership in respect of these assets and therefore they are not included on the Academy's Balance Sheet. The revenue payment is recognised in the SOFA.

1.8 Operating leases

Rentals under operating leases are charged to the Statement of financial activities incorporating income and expenditure account on a straight line basis over the lease term.

1.9 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting Policies (continued)

1.10 Cash at Bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.11 Liabilities and provisions

Liabilities and provisions are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.12 Financial instruments

The academy only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the academy and their measurement basis are as follows:

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 14. Prepayments are not financial instruments. Amounts due to the academy's wholly owned subsidiary are held at face value less any impairment. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in note 16. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to the academy's wholly owned subsidiary are held at face value less any impairment.

1.13 Taxation

The academy is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the academy is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

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1. Accounting Policies (continued)

1.14 Pensions

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Governments Pension Scheme ("LGPS"). These are defined benefit schemes.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 22, the TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each Balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of financial activities incorporating income and expenditure account and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

Actuarial gains and losses are recognised immediately in other recognised gains and losses.

1.15 Fund accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the academy at the discretion of the Trustees.

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by funders where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder/donor and include grants from the Department for Education Group.

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1. Accounting Policies (continued)

1.16 Critical accounting estimates and areas of judgment

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions:

The academy makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 22, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

There is a level of inherent uncertainty in estimating the future PFI charges, concerning the use of buildings occupied by the Academy under the Wirral Schools PFI Project Agreement, which are disclosed in note 22, in the future, PFI charges may vary due to inflationary increases, PFI contractor performance penalties and PFI charge benchmarking exercises. The trustees have estimate the future operating lease commitments based on the latest information available.

2. Income from donations and capital grants

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £	Total funds 2018 £
Donations	6,370	-	-	6,370	-
Grants	-	-	79,592	79,592	22,439
	<u>6,370</u>	<u>-</u>	<u>79,592</u>	<u>85,962</u>	<u>22,439</u>
<i>Total 2018</i>	<u>-</u>	<u>-</u>	<u>22,439</u>	<u>22,439</u>	

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3. Funding for Academy's educational operations

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
DfE/ESFA grants				
General Annual Grant	-	6,489,873	6,489,873	6,044,901
Other DfE/ESFA Grants	-	319,455	319,455	301,579
	-	6,809,328	6,809,328	6,346,480
Other government grants				
Local authority grants	-	565,501	565,501	397,592
Other Government Grants	-	-	-	756
	-	565,501	565,501	398,348
Other funding				
School Fund	249,006	-	249,006	120,838
Other Income	13,886	-	13,886	1,085
	262,892	-	262,892	121,923
	262,892	7,374,829	7,637,721	6,866,751
<i>Total 2018</i>	1,085	6,865,666	6,866,751	

4. Other trading activities

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Hire of facilities	18,432	-	18,432	17,100
Catering Income	17,618	-	17,618	10,900
Staff consultancy	16,713	11,875	28,588	29,175
	52,763	11,875	64,638	57,175
<i>Total 2018</i>	57,175	-	57,175	

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5. Investment income

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Investment income	1,577	-	1,577	3,736
<i>Total 2018</i>	3,736	-	3,736	

6. Expenditure

	Staff costs 2019 £	Premises 2019 £	Other costs 2019 £	Total 2019 £	Total 2018 £
Educational Operations:					
Direct costs	4,271,929	-	672,219	4,944,148	4,279,040
Support costs	1,648,030	1,180,061	327,548	3,155,639	3,239,224
	5,919,959	1,180,061	999,767	8,099,787	7,518,264
<i>Total 2018</i>	5,358,535	1,077,274	1,082,455	7,518,264	

7. Analysis of expenditure by activities

	Activities undertaken directly 2019 £	Support costs 2019 £	Total 2019 £	Total 2018 £
Educational Operations	4,944,148	3,155,639	8,099,787	7,518,264
<i>Total 2018</i>	4,279,040	3,239,224	7,518,264	

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

7. Analysis of expenditure by activities (continued)

Analysis of support costs

	Educational Operations	Total 2019	<i>Total 2018</i>
	£	£	£
Staff costs	1,648,030	1,648,030	1,466,846
Depreciation	19,478	19,478	21,599
Other Support Costs	548,204	548,204	616,344
Premises Costs	833,947	833,947	1,055,675
Technology Costs	90,442	90,442	62,991
Governance	15,538	15,538	15,769
	<u>3,155,639</u>	<u>3,155,639</u>	<u>3,239,224</u>
<i>At 31 August 2018</i>	<u>3,239,224</u>	<u>3,239,224</u>	

8. Net income/(expenditure)

This is stated after charging:

	2019	2018
	£	£
Depreciation of tangible fixed assets:		
- owned by the charity	19,478	21,000
Auditor's remuneration - audit	8,750	12,000
Auditor's remuneration - other services	3,750	4,000
Operating lease rentals	<u>592,773</u>	<u>574,000</u>

9. Auditors' remuneration

The Auditor's remuneration amounts to an Audit fee of £8,750 (2018 - £12,000), and other services of £3,750 (2018 - £4,000).

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**NOTES TO THE FINANCIAL STATEMENTS
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10. Staff costs

a. Staff costs

Staff costs were as follows:

	2019	2018
	£	£
Wages and salaries	4,371,116	4,116,535
Social security costs	425,180	391,000
Operating costs of defined benefit pension schemes	1,031,106	762,000
	5,827,402	5,269,535
Agency staff costs	92,256	89,000
	5,919,658	5,358,535

b. Non-statutory/non-contractual staff severance payments

Included in Wages and Salaries are non-statutory/non-contractual severance payments of £6,500 (2018: £nil).

c. Staff numbers

The average number of persons employed by the academy during the year was as follows:

	2019	2018
	No.	No.
Teachers	85	76
Administration and Support	68	79
Management	9	8
	162	163

d. Higher paid staff

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	2019	2018
	No.	No.
In the band £60,001 - £70,000	1	2
In the band £70,001 - £80,000	1	0
In the band £90,001 - £100,000	1	1

Three (2018: Two) of the above employees participated in the Teachers' Pension Scheme and none (2018: One) participated in the Local Government Pension Scheme. During the year ended 31 August 2019 employer's pension contributions for these staff amounted to £38,671 (2018: £37,870).

e. Key management personnel

The key management personnel of the academy trust comprise the trustees and senior management team as listed on page 1. The total amount of employee benefits (including employer national insurance contributions and employer pension contributions) received by key management personnel for their

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10. Staff costs (continued)

services to the academy trust was £703,666 (2018: £650,009).

11. Trustees' remuneration and expenses

One or more Trustees has been paid remuneration or has received other benefits from an employment with the academy. The Principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and other staff members under their contracts of employment, and not in respect of their role as Trustees. The value of Trustees' remuneration and other benefits was as follows:

		2019	2018
		£	£
M Bellamy (Head Teacher and Trustee)	Remuneration	95,000-100,000	<i>95,000-100,000</i>
	Pension contributions paid	15,000-20,000	<i>15,000-20,000</i>
S Fleming (Staff Governor)	Remuneration	45,000-50,000	<i>45,000-50,000</i>
	Pension contributions paid	5,000-10,000	<i>5,000-10,000</i>
D Taylor (Staff Governor)	Remuneration		<i>20,000-25,000</i>
	Pension contributions paid		<i>0-5,000</i>
E Gunatilleke (Staff Governor)	Remuneration	35,000-40,000	
	Pension contributions paid	5,000-10,000	

During the year ended 31 August 2019, no Trustees received any reimbursement of expenses (2018 - £NIL).

12. Trustees' and Officers' Insurance

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £1,000,000 on any one claim and the cost for the year ended 31 August 2019 was £1,910 (2018 - £2,826).

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13. Tangible fixed assets

	Furniture and fixtures £	Plant and equipment £	Motor vehicles £	Total £
Cost				
At 1 September 2018	95,061	137,692	5,116	237,869
Additions	-	3,275	-	3,275
At 31 August 2019	<u>95,061</u>	<u>140,967</u>	<u>5,116</u>	<u>241,144</u>
Depreciation				
At 1 September 2018	65,498	132,949	4,856	203,303
Charge for the year	13,283	5,935	260	19,478
At 31 August 2019	<u>78,781</u>	<u>138,884</u>	<u>5,116</u>	<u>222,781</u>
Net book value				
At 31 August 2019	<u>16,280</u>	<u>2,083</u>	-	<u>18,363</u>
At 31 August 2018	<u>29,563</u>	<u>4,743</u>	260	<u>34,566</u>

14. Debtors

	2019 £	2018 £
Trade debtors	16,606	-
Other debtors	7,750	8,497
Prepayments and accrued income	116,559	149,858
	<u>140,915</u>	<u>158,355</u>

15. Current asset investments

	2019 £	2018 £
Unlisted investments	-	150,000
	<u>-</u>	<u>150,000</u>

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16. Creditors: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	146,892	-
Other taxation and social security	134,830	135,781
Other creditors	67,084	66,199
Accruals and deferred income	85,712	203,403
	434,518	405,383

	2019 £	2018 £
Deferred income		
Deferred income at 1 September 2018	49,096	31,000
Resources deferred during the year	58,503	49,096
Amounts released from previous years	(49,096)	(31,000)
Deferred income at 31 August 2019	58,503	49,096

Deferred income relates to school trips due to occur in future accounting periods but for which income has already been received.

17. Statement of funds

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
Unrestricted funds						
General Funds	253,909	323,602	(277,519)	294	-	300,286
	253,909	323,602	(277,519)	294	-	300,286
Restricted funds						
General Annual Grant (GAG)	-	6,489,873	(6,489,873)	-	-	-
Other DfE/ESFA Grants	-	319,455	(319,455)	-	-	-
LA Grants	-	565,501	(565,501)	-	-	-
Other Income	-	11,875	(11,875)	-	-	-
Pension reserve	(3,271,000)	-	(321,000)	-	(1,567,000)	(5,159,000)
	(3,271,000)	7,386,704	(7,707,704)	-	(1,567,000)	(5,159,000)

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17. Statement of funds (continued)

Restricted fixed asset funds

Restricted Fixed Asset Funds	67,294	79,592	(114,564)	(294)	-	32,028
Total restricted funds	<u>(3,203,706)</u>	<u>7,466,296</u>	<u>(7,822,268)</u>	<u>(294)</u>	<u>(1,567,000)</u>	<u>(5,126,972)</u>
Total of funds	<u>(2,949,797)</u>	<u>7,789,898</u>	<u>(8,099,787)</u>	<u>-</u>	<u>(1,567,000)</u>	<u>(4,826,686)</u>

The specific purposes for which the funds are to be applied are as follows:

Unrestricted funds

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the Academy trust at the discretion of the trustees.

Restricted general funds

Restricted general funds comprise all other restricted funds received and include grants from the Education and Skills Funding Agency and other funders.

Restricted fixed asset funds

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Education and Skills Funding Agency or other funders.

Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2019.

Statement of funds - prior year

	<i>Balance at 1 September 2017 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers in/out £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 August 2018 £</i>
General funds						
General Funds	637,866	61,750	(9,068)	(436,639)	-	253,909
Restricted funds						
General Annual Grant (GAG)	-	6,044,901	(6,481,540)	436,639	-	-
Other DfE/ESFA Grants	-	301,579	(301,579)	-	-	-
Other Income	-	519,432	(519,432)	-	-	-
Pension reserve	(3,699,000)	-	(185,000)	-	613,000	(3,271,000)
	<u>(3,699,000)</u>	<u>6,865,912</u>	<u>(7,487,551)</u>	<u>436,639</u>	<u>613,000</u>	<u>(3,271,000)</u>

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17. Statement of funds (continued)

Restricted fixed asset funds

Restricted Fixed Asset Funds	56,495	22,439	(11,255)	(385)	-	67,294
Capital expenditure from GAG	10,005	-	(10,390)	385	-	-
Total restricted funds	<u>(3,632,500)</u>	<u>6,888,351</u>	<u>(7,509,196)</u>	<u>436,639</u>	<u>613,000</u>	<u>(3,203,706)</u>
Total of funds	<u><u>(2,994,634)</u></u>	<u><u>6,950,101</u></u>	<u><u>(7,518,264)</u></u>	<u><u>-</u></u>	<u><u>613,000</u></u>	<u><u>(2,949,797)</u></u>

18. Analysis of net assets between funds

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £
Tangible fixed assets	-	-	18,363	18,363
Current assets	734,804	-	13,665	748,469
Creditors due within one year	(434,518)	-	-	(434,518)
Provisions for liabilities and charges	-	(5,159,000)	-	(5,159,000)
	<u>300,286</u>	<u>(5,159,000)</u>	<u>32,028</u>	<u>(4,826,686)</u>

Analysis of net assets between funds - prior year

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	566	-	34,000	34,566
Current assets	659,020	-	33,000	692,020
Creditors due within one year	(405,383)	-	-	(405,383)
Provisions for liabilities and charges	-	(3,271,000)	-	(3,271,000)
	<u>254,203</u>	<u>(3,271,000)</u>	<u>67,000</u>	<u>(2,949,797)</u>

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19. Reconciliation of net movement in funds to net cash flow from operating activities

	2019 £	2018 £
Net expenditure for the year (as per Statement of Financial Activities)	(309,889)	(568,163)
Adjustment for:		
Depreciation charges	19,478	21,599
Dividends, interest and rents from investments	(1,577)	(3,736)
Decrease/(increase) in debtors	17,440	(45,452)
Increase in creditors	29,135	49,617
Capital grants from DfE and other capital income	(79,592)	(22,439)
Defined benefit pension scheme cost less contributions payable	234,000	91,000
Defined benefit pension scheme finance cost	87,000	94,000
Net cash used in operating activities	(4,005)	(383,574)

20. Analysis of cash and cash equivalents

	2019 £	2018 £
Cash in hand	607,554	383,665
Total	607,554	383,665

21. Contingent liabilities

On 26 October 2018 the High Court ruled that equalisation for the effect of unequal Guaranteed Minimum Pensions (GMPs) is required. The ruling confirmed that trustees have a duty "to equalise benefits for men and women so as to alter the result which is at present produced in relation to GMPs". Full GMP indexation will be applied to the LGPS pension liability once changes to the LGPS have been formally announced.

22. Pension commitments

The academy's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Merseyside Pension Fund. Both are Multi-employer defined benefit pension schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2016 and of the LGPS 31 March 2016.

Contributions amounting to £66,639 were payable to the schemes at 31 August 2019 (2018 - £66,199) and are included within creditors.

Teachers' Pension Scheme

The Academy Trust participates in the Teachers' Pension Scheme ("the TPS") for its teaching staff. The pension charge for the year includes contributions payable to the TPS of £511,454 (2018 - £503,290) and at the year-end £nil (2018 - £nil) was accrued in respect of contributions to this scheme.

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22. Pension commitments (continued)

The TPS is an unfunded multi-employer defined benefits pension scheme governed by The Teachers' Pensions Regulations 2010 (as amended) and The Teachers' Pension Scheme Regulations 2014 (as amended). Members contribute on a "pay as you go" basis with contributions from members and the employer being credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

The employer contribution rate is set by the Secretary of State following scheme valuations undertaken by the Government Actuary's Department. The most recent actuarial valuation of the TPS was prepared as at 31 March 2016 and the Valuation Report, which was published in March 2019, confirmed that the employer contribution rate for the TPS would increase from 16.4% to 23.6% from 1 September 2019. Employers are also required to pay a scheme administration levy of 0.08% giving a total employer contribution rate of 23.68%.

The 31 March 2016 Valuation Report was prepared in accordance with the benefits set out in the scheme regulations and under the approach specified in the Directions, as they applied at 5 March 2019. However, the assumptions were considered and set by the Department for Education prior to the ruling in the 'McCloud/Sargeant case'. This case has required the courts to consider cases regarding the implementation of the 2015 reforms to Public Service Pensions including the Teachers' Pensions.

On 27 June 2019 the Supreme Court denied the government permission to appeal the Court of Appeal's judgment that transitional provisions introduced to the reformed pension schemes in 2015 gave rise to unlawful age discrimination. The government is respecting the Court's decision and has said it will engage fully with the Employment Tribunal as well as employer and member representatives to agree how the discriminations will be remedied.

The TPS is subject to a cost cap mechanism which was put in place to protect taxpayers against unforeseen changes in scheme costs. The Chief Secretary to the Treasury, having in 2018 announced that there would be a review of this cost cap mechanism, in January 2019 announced a pause to the cost cap mechanism following the Court of Appeal's ruling in the McCloud/Sargeant case and until there is certainty about the value of pensions to employees from April 2015 onwards.

In view of the above rulings and decisions the assumptions used in the 31 March 2016 Actuarial Valuation may become inappropriate. In this scenario, a valuation prepared in accordance with revised benefits and suitably revised assumptions would yield different results than those contained in the Actuarial Valuation.

Until a remedy to the discrimination conclusion has been determined by the Employment Tribunal it is not possible to conclude on any financial impact or future changes to the contribution rates of the TPS. Accordingly no provision for any additional past benefit pension costs is included in these financial statements.

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £348,000 (2018 - £234,000), of which employer's contributions totalled £280,000 (2018 - £169,000) and employees' contributions totalled £68,000 (2018 - £66,000). The agreed contribution rates for future years are 15.3% for employers and 5.5% to 12.5% for employees.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of academy trust closure, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

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22. Pension commitments (continued)

Principal actuarial assumptions:

	2019	<i>2018</i>
Discount rate for scheme liabilities	1.80 %	2.80 %
Rate of increase in salaries	3.50 %	3.60 %
Rate of increase for pensions in payment / inflation	2.10 %	2.20 %
Inflation assumption (CPI)	2.00 %	2.10 %
Commutation of pensions to lump sums	50.00 %	50.00 %

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement age 65 are:

	2019	<i>2018</i>
Retiring today		
Males	22.0	22.0
Females	24.8	24.8
Retiring in 20 years		
Males	25.0	25.0
Females	27.8	27.8

	At 31 August 2019	<i>At 31 August 2018</i>
Sensitivity analysis	£	£
Discount rate +0.1%	4,956	6,021
Pay growth +0.1%	5,213	6,212
Mortality assumption - 1 year increase	5,308	6,278
CPI rate +0.1%	5,366	6,321

The academy's share of the assets in the scheme was:

	Fair value at 31 August 2019	<i>Fair value at 31 August 2018</i>
	£	£
Equities	1,676,000	1,506,000
Government bonds	334,000	99,000
Other bond	180,000	342,000
Property	295,000	264,000
Cash and other liquid assets	105,000	90,000
Other	688,000	597,000
Total market value of assets	<u>3,278,000</u>	<i><u>2,898,000</u></i>

The actual return on scheme assets was £144,000 (2018 - £149,000).

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22. Pension commitments (continued)

The amounts recognised in the Statement of financial activities incorporating income and expenditure account are as follows:

	2019 £	2018 £
Current service cost	(341,000)	(359,000)
Net interest cost	(87,000)	(89,000)
Administration expenses	(6,000)	(5,000)
Past service cost	(167,000)	-
Total	(601,000)	(453,000)

Movements in the present value of the defined benefit obligation were as follows:

	2019 £	2018 £
Opening defined benefit obligation	6,169,000	6,136,000
Current service cost	341,000	359,000
Interest cost	172,000	154,000
Employee contributions	68,000	65,000
Actuarial losses/(gains)	1,626,000	(529,000)
Benefits paid	(106,000)	(16,000)
Past service costs	167,000	-
Closing defined benefit obligation	8,437,000	6,169,000

Movements in the fair value of the academy's share of scheme assets:

	2019 £	2018 £
Opening fair value of scheme assets	2,898,000	2,437,000
Employer contributions	280,000	268,000
Interest income	85,000	65,000
Actuarial losses	59,000	84,000
Employee contributions	68,000	65,000
Benefits paid	(106,000)	(16,000)
Administration expenses	(6,000)	(5,000)
Closing fair value of scheme assets	3,278,000	2,898,000

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23. Operating lease commitments

At 31 August 2019 the total of the Academy trust's future minimum lease payments under non-cancellable operating leases was:

	2019 £	2018 £
Amounts payable:		
Within 1 year	1,057,250	1,027,962
Between 1 and 5 years	4,488,903	4,337,037
After more than 5 years	8,385,197	9,500,540
Total	<u>13,931,350</u>	<u>14,865,539</u>

Including within operating lease commitments is £13,931,350 (2018: £14,856,539) which relates to revenue contributions for facilities management in respect of the PFI arrangement under which the vbuildings are occupied by the Academy.

24. Members' liability

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £ 10 for the debts and liabilities contracted before he/she ceases to be a member.

25. Related party transactions

Owing to the nature of the academy trust and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which Trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH and with the trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

One of the Governors is employed by the Education and Skills Funding Agency (ESFA) which is the main funder of the Trust. Details regarding funding from the ESFA are detailed in note 17. Amounts due from the ESFA amounted to £38,034 (2018: £37,356).

26. Agency Arrangements

The Trust distributes 16-19 bursary funds to students as an agent for the ESFA. In the year to 31 August 2019, the Trust received £33,587 (2018: £37,187) and disbursed £32,420 (£37,187) from the fund. 5% of the allocation is included in the SoFA for administrative costs of the Trust. No amount was brought forward, resulting in no amount to be carried forward for use in future years.

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